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SUBJECT: Santiago Sept. 29 Media Report

Secretary of Commerce Gary Locke

¶1. At the opening of the Third Americas Competitiveness Forum (ACF), Secretary of Commerce Gary Locke said the United States is "committed to resisting the temptation" of applying protectionist policies. "These kinds of policies might be well-intended, but inevitably fail," said Locke. The Secretary also admitted that in the economic crisis, "the market had failed," but added that the solution does not lie in "eliminating elements, but rather on improving them," concurring with President Bachelet, who in her remarks stressed the need to "improve the role of the state and to have better markets" (El Mercurio, 9/29).

¶2. Seven-page coverage of the ACF includes a photograph of President Bachele, U.S. Ambassador Paul Simons, Chilean Minister of Economy Hugo Lavados, Guatemalan President Alvaro Colom, and Secretary of Commerce Gary Locke (Financial daily Diario Financiero, 9/29).

¶3. The remarks at the opening of the ACF called on nations to overcome the economic crisis and improve production and innovation. Secretary Gary Locke and Minister Hugo Lavados opened the ACF that attracted approximately 600 attendees. (Diario Financiero, 9/29).

¶4. In his remarks to the ministers of economy of the region, Secretary Locke said his country would not resort to protectionist measures to recover from the economic crisis. "The solution is not found in closing borders," said Locke (Diario Financiero, 9/29).

¶5. To be competitive, economies must strike a balance between their energy needs, the cost to produce that energy, and the level of security these energy sources have to offer and to achieve this it is necessary to have renewable energy sources and efficient energy policies, said Energy Minister Marcelo Tokman in a panel on the subject at the ACF. Tokman said that Chile learned the lesson after an array of energy supply related to problems it faced in

2008, and that it must incorporate sustained non-traditional renewable energy sources and apply energy efficiency practices. Nancy Rayan of the California Public Policy Committee, agreed with Tokman. She noted that the Obama administration had taken California's expertise and technological advancement in this area to apply nationwide (Diario Financiero, 9/29).

¶6. Chile and California strengthen ties: Governor Arnold Scharzenegger livened up the first day of the forum by sending a video where he apologized for not attending and praised Bachelet "who is always thinking globally." In spite of not attending, the governor sent a high-level delegation to the forum (Diario Financiero, 9/29).

U.S.-Related News

¶7. Andres Oppenheimer comments on Congressman Jim DeMint's objection to Arturo Valenzuela's nomination: "What Senator DeMint is doing is cheap politics. I don't believe that DeMint, who has never stood out for his concern about Latin American affairs, would have blocked the nomination of officials for other areas of the world that most congressmen consider more important.... If DeMint wants to change Obama's policy in Honduras, he should try to gather the votes in Congress to achieve this. Blocking Obama's nominations is depriving the State Department of the human resources and the political leverage that are necessary to face crisis in the region. It is an irresponsible and stubborn attitude" (El Mercurio, 9/29).

Honduras

¶8. Micheletti authorities raided and closed a radio and a television station loyal to Zelaya. Over the past two months Micheletti has also suspended the right to assembly, aborting any possible demonstrations. He also "broke-off relations" with Brazil and has given the latter country ten days to resolve Zelaya's status. Honduras has also threatened to disavow the Brazilian embassy and the diplomatic immunity of its personnel. "This does not mean Mr. Zelaya will be put out on the street or that we will enter the embassy," said Micheletti's Foreign Minister Carlos Lopez. "It means that the diplomatic mission will be recognized as a private office of a foreign government only," he explained. U.S. Ambassador to the OAS Lewis Anselem criticized both Zelaya and Micheletti. "The regime must handle the security with control and prudence," adding that Zelaya should "stop behaving as if he were the leading actor in an old movie." Chilean Foreign Minister Mariano Fernandez labeled Micheletti's threats against the Brazilian embassy "caveman" behavior (La Tercera, 9/29).

¶9. Chilean foreign minister: "What Micheletti is doing is damaging Honduras, because it pits his country against the international community where no one violates diplomatic immunity" (El Mercurio, 9/29)

¶10. Although the international community condemned Micheletti's increasing radical stance, it has also criticized Zelaya. U.S. Ambassador to the OAS Lewis Amselem said Zelaya's decision to return to Honduras "does not serve the interest of his people or of those who are trying to find a peaceful restoration of democratic

order in Honduras." The president of the Brazilian Congress, Senator Jose Sarney, also criticized Zelaya, saying the Embassy "cannot be used for another country's domestic affairs." "Brazil cannot not offer (Zelaya) asylum, since he was ousted by a coup," said Sarney, but added, "what is happening now is an exaggeration of the occupation of the embassy that has turned into a political committee" (La Nacion, 9/29)

¶11. Chilean John Biehl was the only OAS official out of five that landed in Tegucigalpa who was allowed to remain in the country. The other four were deported. Soldiers were escorting all officials back to an airplane, when Biehl was approached by a colonel who told him he had instruction to give him the choice to stay. Biehl was then escorted to his hotel and said he has been able to do his work without further obstacles (Afternoon La Segunda, 9/28)

Chile-Peru

¶12. At the OAS General Assembly yesterday, Peruvian Foreign Minister Jose Garcia Belaunde stated his country's concern over an "arms race" in the region and the need to sign a non-aggression pact among South American countries. Peru began using the term "arms race" a few months ago when it criticized Chile's military acquisitions. Chile believes this is part a strategy related to its border claims. President Bachelet responded that Chile is "content with its status quo and is not in an arms race" and that rather than a non-aggression pact, the goal should be to promote peace "through cooperation and integration agreements (El Mercurio, 9/29).

¶13. In the context of Peru's demand for South American countries to sign a non-aggression pact, Peruvian Defense Minister Rafael Rey reiterated his "personal" request that Chile cancel the military exercise it will conduct in the north with the United States, Brazil, Argentina, and France. "The theory behind it (the exercise) is that a country invades Chile from the north and United Nations cannot persuade the aggressor to desist (the attack). That is offensive for Peru," said Rey (El Mercurio, 9/29).

SIMONS